

VZCZCXRO2829
RR RUEHCN RUEHGH
DE RUEHGZ #0355/01 1590903
ZNR UUUUU ZZH
R 080903Z JUN 09
FM AMCONSUL GUANGZHOU
TO RUEHC/SECSTATE WASHDC 0673
INFO RUEHBJ/AMEMBASSY BEIJING 0510
RUEHGH/AMCONSUL SHANGHAI 0118
RUEHSH/AMCONSUL SHENYANG 0128
RUEHCN/AMCONSUL CHENGDU 0115
RUEHHK/AMCONSUL HONG KONG 0162
RUEAIIA/CIA WASHDC 0172
RUEKJCS/DIA WASHDC 0168

UNCLAS SECTION 01 OF 02 GUANGZHOU 000355

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [CH](#)

SUBJECT: Corruption Shake-Up Spreads to Shenzhen Mayor

Ref: A) GUANGZHOU 318

(U) This document is sensitive but unclassified. Please protect accordingly. Not for release outside U.S. government channels. Not for internet publication.

1. (SBU) Summary: Corruption allegations have brought down Shenzhen Mayor Xu Zongheng. Xu's downfall, part of a series of investigations that are shaking up the political leadership of Guangdong, which included the removal of former Guangdong Chinese People's Political Consultative Conference (CPPCC) Chair Chen Shaoji, further weakens entrenched interests in the province. Hong Kong media speculate that Shenzhen Party Secretary Liu Yupu will replace Chen as Guangdong CPPCC Chair. End summary.

Another One Bites the Dust

2. (U) Corruption investigations have claimed another victim among Guangdong Province's political elite. Hong Kong media are reporting that Shenzhen Mayor Xu Zongheng has been arrested and is under intense interrogation on allegations that he accepted bribes. After widespread reporting in Hong Kong over the weekend, mainland media only confirmed the investigation late in the day Monday with a terse one-sentence report released by Xinhua. Xu reportedly accepted massive bribes from contacts in his native Hunan Province for construction contracts on Shenzhen infrastructure development projects, including the subway, highways, public apartment buildings and sports facilities for the International University Games-Summer Universiades, which Shenzhen will host in 2011.

3. (SBU) Unlike most Shenzhen mayors, Xu long lived and worked in the city. Arriving there from Hunan in 1993, he is practically a local in a city dominated by migrants from other parts of China. His downfall further weakens entrenched local political interests as does the recent case of Chen Shaoji (reftel). As head of the Shenzhen Organizational Department from 2000 to 2003, Xu was responsible for the appointments of many current officials in Shenzhen. His removal will strengthen central government control over the city.

Others Implicated

4. (SBU) In addition to Xu, several other Shenzhen officials are also currently under investigation. Vice Mayor Yan Xiaopei, a member of the China Zhi Gong Party, has been accused of corruption related to her work overseeing the city's urban planning agencies. In addition, Hong Kong media report that another unconfirmed senior Shenzhen official, likely Shenzhen Municipal Government Secretary General Li Ping, is under investigation.

Who's Moving Up?

15. (SBU) Various sources have recently speculated that the leadership vacuum in Shenzhen will soon be even larger because Shenzhen Party Secretary Liu Yupu will replace the recently ousted Chen Shaoji as Guangdong China People's Political Consultative Conference chair. A Shandong native, Liu became Shenzhen Party Secretary in January 2008. Previously, he spent four years as Guangdong deputy party secretary and president of the Guangdong Party School. Before coming to Guangdong in 2000 to serve as Standing Committee member and director general of the Organizational Department of the GD CPC, Liu was vice governor of Shaanxi Province.

16. (SBU) Possible candidates mentioned in Hong Kong media reports to replace Liu as municipal party secretary include:

--Lin Xiong, Standing Committee member and director general of the Propaganda Department of the Guangdong Communist Party of China (GD CPC). Lin was reportedly a secretary to Wen Jiabao.

--Hu Zejun, Standing Committee member and director general of the Organization Department of the GD CPC. Previously, a vice minister in the Ministry of Justice, Hu came to Guangdong in 2004.

--Jiang Zelin, Standing Committee member of the Hainan CPC and party secretary of the Sanya Municipal CPC. Originally from Anhui Province, Jiang previously served as Hainan vice governor.

One possible candidate identified as a replacement for Xu as Shenzhen mayor is Shenzhen vice Mayor Xu Qin. Xu arrived in

GUANGZHOU 00000355 002 OF 002

Shenzhen last year from the State Development Reform Commission in Beijing.

GOLDBERG